

403(b) ***NEWS***

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October 1, 2008

Re: State of Delaware 403(b) Plan

Dear State of Delaware Employee:

As a result of recent federal legislation issued on July 26, 2007, the State's 403(b) Plan is changing and it is important that you are aware of these changes. The Office of the State Treasurer now administers the State of Delaware 403(b) Plan. All employees of the Department of Education, school districts, charter schools, Delaware Technical and Community College and Delaware State University are eligible to participate in the Plan.

Approved Vendors

Federal law now requires that the Plan's investment providers be able to comply with certain requirements for your protection. The State contacted all current vendors to determine their ability to comply. This list of approved vendors, or those investment providers that are able to comply with the minimum requirements of the federal regulations, is now available. The list can be found on our website at <http://treasurer.delaware.gov/services/403b.shtml>. Please note that the list contains all approved providers however, those with an asterisk are approved contingent upon return of an executed vendor contract by December 15, 2008. In addition, some vendors have chosen to exit the 403(b) market all together.

Plan participants can continue to participate with their current vendor until December 31, 2008. Those participants who wish to continue contributing to the 403(b) Plan after December 31, 2008, will need to choose from one of the approved providers on the list. If you already participate with one of the approved providers, you do not need to do anything.

Exchanges

In September 2007 you were notified that federal law prohibited participants from making 90-24 transfers until certain requirements were in place. Those requirements have now been met and plan participants can now resume making exchanges (formally known as 90-24 transfers). Exchanges can be made from your current provider to a provider on the approved vendor list. **Please note that you are not required to make exchanges. You are free to leave your existing money with your current provider and just direct new contributions as of January 1, 2009 to one of the approved providers.**

Re-exchanges

Federal law states that if you made an exchange after Sept 24, 2007 to a provider that is not on the approved vendor list, you have until July 1, 2009 to make a re-exchange from the non-approved provider to one of the approved providers on the approved vendor list. Failure to comply with this provision may result in a taxable event to you.

Vendor Fairs

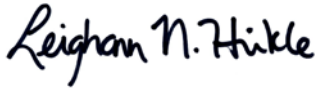
The State will also be holding 403(b) vendor fairs on November 17, 18 and 19, 2008. More information on these vendor fairs will be forthcoming later this month. This event provides you with an opportunity to get more information on the approved providers.

Salary Reduction Agreement

The State's Salary Reduction Agreement or SRA can be found on our website and can be used for those participants who are making changes to their investment providers. This form will be required for all changes to deferral amounts and/or investment providers as of January 1, 2009.

Please continue to visit our website for plan updates. If you have any questions, feel free to call me at (302) 672-6705 or email me at Leighann.Hinkle@state.de.us.

Sincerely,

A handwritten signature in black ink that reads "Leighann N. Hinkle". The signature is written in a cursive, flowing style.

Leighann N. Hinkle
Director, Defined Contribution Plans